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VBH BOT FYI Finance

2 messages

Robert Kosin <rkosin@barringtonhills-il.gov>**Tue, Apr 19, 2011 at 6:58 AM**

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DuPage property values down — but not taxes

By Robert Sanchez

Daily Herald

Article updated: 4/18/2011 11:30 AM

A historic drop in the taxable value of land in DuPage County is expected to continue for the next few years.

Yet the property assessment free fall won't stop homeowners from paying more taxes to schools and other local governments each year.

"Assessments coming down do not lower taxes," Winfield Township Assessor Mark Malay said. "The only way taxes ever come down is if spending goes down."

It's a point that's going to be very clear to residents about May 1 when they start receiving their property tax bills.

For the first time in at least four decades, the overall value of land in DuPage decreased last year — by 5.9 percent. At the same time, the average tax rate for the county's 372 taxing bodies — the other half of the tax equation — jumped 11.6 percent.

As a result, property owners countywide are going to pay an average of 5.7 percent more on their tax bills, which are due in equal installments in June and September.

"The reality is going to hit people in the face," Milton Township Assessor Bob Earl said. "Your tax bill does not go up because your assessment goes up. Your tax bill goes up because spending goes up."

That spending is done by the local taxing bodies, which ask for specific amounts of tax dollars each year. Since 1991, a state-imposed cap has limited the amount many taxing bodies can increase their levies to the rate of inflation or 5 percent, whichever is lower.

But even with the cap, tax rates still can increase if the overall taxable value of property drops. That's why lower assessments aren't necessarily good news to taxpayers.

Paul Hinds, DuPage's chief deputy clerk, compared it to a group buying a pie. If fewer people pitch in to buy the pie, their cost per slice is more.

"If everybody's (property) values goes down, all of our rates are going to go up," Hinds said, "and we're all going to pay more."

In the meantime, assessors throughout DuPage say preliminary estimates show that property values will decrease between roughly 5.8 percent and 7.5 percent for this year in the county's nine townships.

Assessments are based on property sales data from the previous three calendar years — in this case, from 2008, 2009 and 2010 when the market was in poor shape.

In York Township, the drop could be as much as 7.5 percent. "It will be declining for at least another year or two," Assessor Deanna Wilkins said.

Even with the decline, assessors are expecting more residential property owners to file challenges when assessments are released in the fall.

Earl said he doesn't believe some Milton residents are going to be satisfied by the 5.8 percent drop that the township is anticipating.

"If you feel your property value went down 15 percent and you get an assessment reduction of 5.8 percent, what are you going to think?" Earl said. "You think, 'I am going to go fight this.'"

While successfully challenging an assessment is one way homeowners could lower their tax bills, officials say it only forces others to pay more.

"The school district doesn't get less money when you get a reduction," Earl said. "All your neighbors get a little increase in their allocation of the tax."

Hinds said the only thing that lowers property taxes for everyone is for local governments to seek less money. And a taxing body hardly ever lowers its levy amount — or leaves it unchanged — from year to year, he said.

The lone recent example Hinds could recall was when the county decreased its levy in the late 1990s and early 2000s. Of course, taxpayers might not remember that because the county accounts for 2.8 percent of the tax bill. School districts take up most of the tax bill, 72.6 percent. Municipalities comprise 10.2 percent.

In the meantime, Earl said he can understand why some will be frustrated to see property taxes climb while the value of their homes fall.

"Milton Township property taxpayers this year will contribute \$300 million to local governments," he said. "That is an astounding number, and people are overtaxed. They know the taxes are high."

Hinds said there is one silver lining for taxpayers.

The Consumer Price Index, which was 2.7 percent last year, is expected to fall to 1.5 percent this year. That rate of inflation will limit how much more tax money governments can receive.

"It will hold the taxes down a little bit," Hinds said. "The districts won't be able to get as much of an increase as they did this year."

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Tue, Apr 19, 2011 at 7:12 AM

Property tax bills may rise with multiplier
By BRETT ROWLAND - browland@nwherald.com
NW Herald
Created: Tuesday, April 19, 2011 5:30 a.m. CDT

[PHOTO] "Everybody's assessment will go up 3.48 percent," Algonquin Township Assessor Bob Kunz said. "But for most people, it's not going to be perceptible." The Illinois Department of Revenue has issued a multiplier to McHenry County for the first time in 28 years. As a result, the assessed value that shows up on tax bills will be 3.48 percent higher than the assessed value printed on notices sent out to property owners in 2010. (Sarah Nader – snader@nwherald.com)

CRYSTAL LAKE – Tax bills throughout McHenry County could tick up after an avalanche of successful property tax appeals.

The Illinois Department of Revenue has issued a multiplier to McHenry County for the first time in 28 years. As a result, the assessed value that shows up on tax bills will be 3.48 percent higher than the assessed value printed on notices sent out to property owners in 2010.

"There will be a slight decrease in tax rates, and there may be a slight increase in your tax bill due to the state multiplier," McHenry

County Chief Assessment Officer Robert Ross said. "However, because the state multiplier raises all non-farmland assessments in the county, the relative portion of the tax burden has not changed significantly."

McHenry County was assigned a multiplier of 1.0348. Last year, the county's multiplier was one, so it had no effect.

The Department of Revenue issues a multiplier – also called an equalizer – of more than one to counties that have a three-year average assessment level of less than 33 1/3 percent.

The multiplier was due in part to the record number of successful property tax appeals, Ross said.

Since the real estate market plummeted, more owners have been appealing assessments to the Board of Review. The number of parcels involved in appeals jumped 40 percent this year to 5,885, Ross said.

When real estate prices were going up, appeals were rare. For example, 758 parcels were involved in appeals in 2006.

Those who successfully appealed to the county Board of Review to have their assessed value lowered might not see the assessed value decline as dramatically as otherwise expected. That's because the equalizer will push their assessed values higher, too, state and local tax officials said.

The multiplier bumps up all assessments in the county to a uniform level of market value among counties throughout the state, according to a media release from the Illinois Department of Revenue.

"Everybody's assessment will go up 3.48 percent," Algonquin Township Assessor Bob Kunz said. "But for most people, it's not going to be perceptible."

Although many will pay more in property taxes this year, it's not due to the multiplier, Kunz said.

Revenue to local taxing bodies, such as schools and municipalities, is propped up by the Property Tax Extension Limitation Law. The "tax cap" law was intended to limit the annual increase in property tax revenue that governments can receive to either the rate of inflation or 5 percent, whichever is less.

"The Property Tax Extension Limitation Law is more significant here than the state equalization factor," Kunz said.

Multiplier aside, property owners are unlikely to see their overall tax bills decrease despite declining property values.

With real estate prices still slumping, many expect to see even more assessment challenges next year.

"More people are interested in pursuing appeals," said Laura Moore Godek, a McHenry attorney who helps property owners with assessment challenges. "Calls are coming in every day."

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